

FC33ADAH

Hearing

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 ADAR BAYS, LLC,

4 Plaintiff,

5 v.

15 CV 8860 (RA)

6 PUGET TECHNOLOGIES, INC., et
7 al.,

8 Defendants.

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9 New York, N.Y.
10 December 3, 2015
2:00 p.m.

11 Before:

12 HON. RONNIE ABRAMS,

13 District Judge

14 APPEARANCES

15 GARSON, SEGAL, STEINMETZ, FLADGATE LLP

Attorneys for Plaintiff

16 BY: KEVIN MURPHY

MICHAEL M. STEINMETZ

17 THE FUNES LAW FIRM

18 Attorneys for Defendants

19 BY: ALEJANDRO D. FUNES, Appearing via speakerphone
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1 THE DEPUTY CLERK: In the matter of Adar Bays LLC v.
2 Puget Technologies. Parties, please state your name for the
3 record.

4 MR. MURPHY: Good afternoon, your Honor. Kevin Murphy
5 of the law firm Garson, Segal, Steinmetz, Fladgate on behalf of
6 plaintiff. With me is Michael Steinmetz from the same firm.

7 THE COURT: Good afternoon.

8 MR. FUNES: Alex Funes from the Funes Law Firm on
9 behalf of the defendants Puget Technologies and Hermann
10 Burckhardt.

11 THE COURT: Good afternoon, Mr. Funes. Just so that
12 you know, in the future I will not allow you to participate by
13 phone except in extraordinary circumstances, particularly when
14 it is something that's substantive in nature. But I understand
15 that you have asserted that you received these papers just very
16 last minute.

17 I did want to ask you though about the status of your
18 effort to be admitted pro hac vice.

19 MR. FUNES: Yes, your Honor. Thank you again for
20 letting me appear by phone given the short notice. My status
21 with my pro hac vice, I had to file a second motion. The
22 status of that is that the certificate of good standing from
23 the State of Florida takes three to five days for me to receive
24 it, and I will have to file a third motion including the
25 certificate from the bar. Because right now, the motion that I

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1 filed, I have to include a temporary correspondence from the
2 Florida Bar stating I am a member in good standing. And what I
3 will be able -- the petition will go through the latest by
4 Monday I believe.

5 THE COURT: All right. I'm sorry. See, this is the
6 problem with doing it on the phone. I had trouble hearing you.
7 The Monday after?

8 MR. FUNES: It would be this coming Monday.

9 THE COURT: On Monday. Is that what you said?

10 MR. FUNES: Correct.

11 THE COURT: Okay.

12 MR. FUNES: And I did file two motions, your Honor.
13 They were denied by the clerk because the certificate issued by
14 Florida was not issued by -- it was a temporary certificate
15 issued by e-mail. And I will get the original certificate from
16 the Supreme Court by U.S. mail, which I should receive either
17 today, tomorrow, or Monday.

18 THE COURT: All right. In light of the exigency of
19 these proceedings, I'll admit you pro hac vice subject to you
20 making the proper filing by the end of next week. If there is
21 a continued issue with that timing, I want a specific
22 application for additional time.

23 MR. FUNES: Certainly, your Honor. Thank you very
24 much.

25 THE COURT: So, you now have all of the papers,

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1 Mr. Funes, is that correct? Both the complaint and the motion
2 for preliminary injunction and for preliminary declaratory
3 relief, correct?

4 MR. FUNES: That is correct, your Honor.

5 THE COURT: So, we have the papers. I'll hear from
6 plaintiffs and then I'm happy to hear from you as well.

7 MR. FUNES: Very well, Judge.

8 MR. MURPHY: Your Honor, we've submitted the
9 declaration of Aryeh Goldstein on the issues of substantial
10 likelihood of success on the merits, irreparable harm and
11 balance of the equities. We're happy to swear him in, enter
12 the declaration into evidence, allow your Honor opportunity to
13 question, allow counsel opportunity to cross-examine on the
14 issues. We have sort of amplified questions of course based
15 upon what Mr. Funes has taken issue with. So we're happy to
16 proceed.

17 THE COURT: Why don't you do that.

18 Mr. Goldstein, good afternoon.

19 (Witness affirmed)

20 MR. MURPHY: Before I begin, I'd like to hand the
21 witness what I've marked as Plaintiff's Exhibit A for
22 identification.

23 THE COURT: Is this the declaration?

24 MR. MURPHY: This is his declaration.

25 THE COURT: Yes.

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Goldstein - direct

1 ARYEH GOLDSTEIN,

2 called as a witness by the Plaintiff,

3 having been duly affirmed, testified as follows:

4 DIRECT EXAMINATION

5 BY MR. MURPHY:

6 Q. Mr. Goldstein, can you tell us what you do.

7 A. Yes, I am an investor together with one partner. We fund
8 public companies under Rule 144. And we've been funding this,
9 we do since this prior to 2000, for a very long time. We fund
10 different exemptions, we fund different public companies money
11 who need it.

12 Q. You accomplish this funding through Adar Bays LLC?

13 A. Yes.

14 Q. Where is Adar Bays located?

15 A. It's in 3311 I believe Indian creek. Miami, Florida.

16 Q. Where do you live, sir?

17 A. I live in New York.

18 Q. Does Adar Bay does any business in New York?

19 A. Almost exclusively. That's the reason -- my partner
20 actually moved down to Florida a couple of years ago, which is
21 why, he's more the pencil pusher, that's why it is there. All
22 my meetings happen here in the city. I myself have an office
23 in Monroe, and my home office in Rockland County.

24 Q. What is the significance of doing business in New York?

25 A. Virtually every company we meet comes here to the city, and

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Goldstein - direct

1 we either make new connections or establish and strengthen
2 continuous connections. The same company repeat, and we do it
3 again, and do we make new and strengthen old connections and
4 it's always been in the city. It is the financial capital.

5 Q. Are you familiar with a dispute that's the subject matter
6 of this case that is between Adar Bays and Puget Technologies?

7 A. Yes.

8 Q. Have you submitted a declaration in connection with the
9 dispute?

10 A. Yes.

11 Q. Is that the declaration before you marked as Exhibit A, is
12 that right?

13 A. Yes, correct.

14 Q. I'd like you to go to page 14 of that declaration.

15 THE COURT: Can I just break in and just ask one
16 question of Mr. Funes.

17 Mr. Funes, are you contesting that jurisdiction is
18 proper in this court?

19 MR. FUNES: Yes, we do, your Honor. After the Court
20 entered the order yesterday and throughout the case, really, we
21 were prepared to dispute the jurisdiction, particularly over
22 one of the defendants Mr. Burckhardt, but also over the
23 corporation itself.

24 The agreement has a clause in which the parties waived
25 venue in the forum of litigation. However, it is our position

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Goldstein - direct

1 that that clause may not be enforceable. At this point we have
2 two companies that are based in Florida, even though Adar has a
3 second office in New York. Most of the witnesses that will be
4 called to testify in this case are based in Florida. The
5 defendant himself is located in Florida. Any depositions will
6 have to take place in New York and will require those witnesses
7 to travel to the jurisdiction. This will cause significant
8 costs for both sides to travel and litigate the case.

9 THE COURT: All right.

10 MR. FUNES: Aside from that clause, the parties have
11 minimum contact, at least the defendants, with the State of New
12 York. Very minimal, which I do not believe these contacts
13 either meet the constitutional requirements or any other
14 jurisdictional requirements.

15 THE COURT: All right. Thank you. I'm sorry. We
16 have to take a short break because my transcript is not up. I
17 hadn't set up getting realtime and I would like to have a
18 transcript I can look at. So we are going to take a break
19 momentarily.

20 (Recess)

21 MR. MURPHY: I would like an opportunity to respond to
22 Mr. Funes' point.

23 THE COURT: I don't think that's necessary, actually.
24 Because Mr. Funes, I have your letter of December 3rd. I
25 hadn't read it, but I have now. But, Section 5 of the contract

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Goldstein - direct

1 specifically waives any jurisdiction, any objection to
2 jurisdiction and venue.

3 Mr. Goldstein, you can take the stand again.

4 I don't know exactly how you get around that.

5 MR. FUNES: Yes, your Honor. These clauses are not as
6 strictly enforceable all the time. Particularly when it
7 endangers public jobs. It is more convenient for the litigants
8 to, to argue the case in another jurisdiction. As I stated --

9 THE COURT: So it is a forum non conveniens argument.

10 MR. FUNES: Correct.

11 THE COURT: I'm rejecting that argument and we're
12 going to proceed. I didn't mean to interrupt the direct of
13 Mr. Goldstein.

14 MR. FUNES: Very well.

15 THE COURT: You may proceed, Mr. Murphy.

16 BY MR. MURPHY:

17 Q. I believe where we left off, Mr. Goldstein, is we were
18 talking about your familiarity with the dispute between Adar
19 Bays and Puge. Is that right?

20 A. That's correct, yes.

21 Q. You're fully familiar with that?

22 A. Yes.

23 Q. I think I directed you to page 14. And if you can tell me
24 if that page bears your signature on the declaration?

25 A. Yes, it does.

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Goldstein - direct

1 Q. All of the exhibits that are attached to the declaration,
2 you reviewed and considered before signing that declaration, is
3 that correct?

4 A. That's correct, yes.

5 Q. Is the declaration and all of its contents and your
6 assertions made about the contents of the declaration,
7 including the exhibits, true, correct, and complete?

8 A. Yes.

9 MR. MURPHY: Your Honor I offer up the declaration of
10 Mr. Goldstein.

11 THE COURT: Yes, it will be admitted.

12 (Plaintiff's Exhibit A received in evidence)

13 Q. Mr. Goldstein, Mr. Funes has put in some opposition papers
14 where he has asserted that Adar Bays conducted itself by
15 misrepresenting and committing fraud upon Puge and the Court.
16 Is that true?

17 A. Absolutely not.

18 Q. Have, has Adar Bays ever acted with another entity to
19 simultaneously request conversions from Puge Technologies?

20 A. Not with conversions and not with selling, never.

21 THE COURT: Can you just explain the relationship
22 between Adar Bays and Union Capital.

23 THE WITNESS: We're a competitor, we're competitors
24 and complementers, so to speak. We both do the same business.
25 But it is very often a company that needs a lot of money. We

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Goldstein - direct

1 don't want to lay out the risk of that much money. Let's say
2 they need a million or half a million dollars. So we do part
3 of it and they farm it off to other people. Other people join
4 and do the deal. Once we do close the deal, we have nothing to
5 do with each other until afterwards, until the next deal. We
6 never work in concert with selling, nothing to do with each
7 other in that part.

8 Q. Puge also accused Adar Bays of securing commissions on the
9 deal that is the note between Adar Bays and Puge. How do you
10 respond to that?

11 A. There is no such thing. We have terms of the deal. We
12 don't take any commissions from anybody.

13 Q. Mr. Goldstein, if you did not get the requested relief in
14 this case, that is, the ability to enforce conversions, what
15 would happen?

16 A. There is a very real risk that we'll lose our money in the
17 deal and the company itself may not be viable. There is a real
18 risk, it has happened in the past, and we look to prevent that
19 from happening now, and that's why we take these measures.

20 Q. Why do you say there is a real risk in this instance?

21 A. Because the company that doesn't honor their commitments,
22 the word gets out to that effect, and they have a very hard
23 time raising money, they can't survive or have a harder time
24 surviving, I should say, and it is then, if they can't raise
25 the money, they can't stay current or they can't issue shares

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Goldstein - direct

1 and they slowly drift way. It's happened to me more than a
2 dozen times. We're not looking -- it is a risky business.
3 We're trying to keep the risk, you know, contained somewhat.

4 Q. One aspect of the note refers to a reserve requirement.
5 Can you explain that to the Court.

6 A. Yeah. When we fund a company, just for numbers sake, if we
7 give a company \$100,000. When we fund a company, the company
8 is \$100,000 stocks and at a dollar a share. Normally we get
9 the shares at a discount market. Let's say at 30 percent
10 discount 40 percent discount, we would need 140,000 shares give
11 or take. Oftentimes a company goes ahead and raises other
12 money or --

13 THE COURT: Talk really loudly and clearly and slowly
14 into the microphone particularly because Mr. Funes isn't going
15 to hear you at all if you are not in the mike.

16 A. Sure. So, to allow for volatility in these stocks, we ask
17 for a reserve that they shouldn't go ahead and give out shares
18 to other people, and we will be left without any shares when it
19 comes time to conversion. So we tell them up front we need a
20 reserve maintained at the transfer agent in case the stock
21 should have a drop, we'll have coverage to a certain amount.
22 Similar to like a bank won't lend money on a house without
23 having maintained proper security. It is the same idea.

24 Q. Why did you ask that the Court order Puge to increase its
25 reserve by issuing additional shares?

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Goldstein - cross

1 A. We're asking, well, it is the easiest way for the company
2 to satisfy its obligation and certainly a quicker way. Nothing
3 is speedy, but it is certainly a quicker way by increasing the
4 authorized shares, it doesn't cost them money, it is something
5 that's 90 percent they'll get right through within a matter of
6 weeks. When you raise money, it could take a very long time,
7 commitments never happens, it schleps for months and even
8 longer.

9 So the simplest way to take care of the situation is
10 by increasing the authorized and giving the shares as it's
11 provided for in the documents.

12 MR. MURPHY: I have no further questions, your Honor.

13 THE COURT: Mr. Funes, do you have any questions for
14 Mr. Goldstein?

15 MR. FUNES: Yes, I do, your Honor.

16 THE COURT: Again, just very slowly and clearly in the
17 questions because we're having trouble hearing you on the
18 phone. Thank you.

19 CROSS-EXAMINATION

20 BY MR. FUNES:

21 Q. Mr. Goldstein.

22 A. Yes.

23 Q. What is the amount of the contract? What is the amount of
24 the total debt that is owed under this agreement?

25 A. The initial contract is for \$75,000, and there is

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Goldstein - cross

1 roughly -- I don't have the numbers in front of me -- roughly
2 50,000 plus to still convert. Plus interest and plus at this
3 stage of the game penalties as well.

4 Q. Okay. So, Puget already complied with one-third of the
5 total amount owed, correct?

6 A. Correct.

7 Q. Okay. And Puget also honored prior issuance of shares so
8 that your company could convert those shares pursuant to the
9 contract, correct?

10 A. Correct.

11 Q. And those, those issuances of stock happened without
12 incident, correct?

13 A. Correct.

14 Q. Let me ask you something about the contract.

15 A. Sure.

16 Q. Did the contract contemplate any problems with reaching the
17 maximum amount that a company could issue at any given point?

18 A. Can you just ask the question one more time, please?

19 Q. Yes. Did the contract contemplate any problems if a
20 company, in this case Puget, could not raise the required
21 shares because of -- because having reached a maximum number of
22 shares for selling on the offer of shares it could issue, did
23 the contract contemplate that problem?

24 A. There is different options for the company. But the one,
25 the obvious one is to increase the authorized shares which

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Goldstein - cross

1 takes care of the problem. It is just like running out of
2 checks, you order more checkbooks. That's the one way.
3 Oftentimes companies have reserves for other investors that
4 have converted out of their position. They no longer have it
5 so they can free up those reserves. So there's different
6 methods how to handle a situation.

7 Q. Right. Yeah, I understand. But the agreement did not
8 anticipate or did not specify what the company would do if it
9 reached the maximum amount of shares that it could issue,
10 correct?

11 A. Correct. But some of the things are more common sense than
12 others. That would be one of them.

13 Q. Okay. Now, in your opinion, any shares that are to be
14 issued by the debtor, in this case Puget, those shares would
15 have to be held by an agent, by a third-party agent, right?

16 A. Why do you say that? Either I'm not understanding the
17 question or I'm not catching it.

18 Q. Okay. So any shares to be delivered to Adar, those shares
19 are usually delivered by a third-party agent, and in this case,
20 that agent was a third party named Direct Transfer LLC, isn't
21 that true?

22 A. Yeah, the transfer agent issues the shares. If that's what
23 you're saying, that's correct.

24 Q. Okay. Now, during prior delivery of shares, during the
25 contract, Direct Transfer held those shares in trust and then

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Goldstein - cross

1 those shares are delivered to Adar, isn't that right?

2 A. That's correct, yes. That's the reserve.

3 Q. Even if the Court were to order Puget to deliver the
4 shares, Direct Transfer could not comply with the Court order
5 because Direct Transfer would not have those shares in trust as
6 of right now, isn't that right?

7 A. That's correct. Yes.

8 Q. Okay. Now, did you know that in order to issue additional
9 shares above the ceiling or above the maximum authorized
10 amount, a company has to proceed with a special meeting and
11 obtain shareholder approval? Did you know that?

12 A. Yes.

13 Q. Hello?

14 A. Yes.

15 THE COURT: He said yes.

16 MR. FUNES: Okay.

17 Q. Now, and that's not something that happens overnight,
18 correct?

19 A. Correct.

20 Q. Now, in the contract, and I would refer you, do you have a
21 copy of the agreement by any chance?

22 A. Yes, I do.

23 Q. Okay. Are you familiar with the funding lock up clause on
24 page eight?

25 THE DEPUTY CLERK: Can you please repeat that?

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Goldstein - cross

1 THE COURT: Can you please repeat that.

2 MR. FUNES: Yes.

3 Q. You're familiar with the funding lock up clause in the
4 agreement, right?

5 A. It's page eight? I'm familiar with the lock up clause,
6 yes.

7 Q. In that clause, it says that the company shall not
8 consummate another round of financing for 30 days following the
9 closing of the transactions contemplated herein. Right?

10 A. I don't see it, but yes, that is correct. We did put a
11 lock up clause that whatever amount they were looking to raise,
12 they shouldn't go above that to raise more money which would go
13 ahead and dilute and put a tremendous pressure on the stock.

14 Q. Right. And were you aware that the company that you
15 earlier stated used you were complementers, and that's the word
16 you used, you were referring to Union LLC. Were you aware that
17 Union Capital LLC entered into a similar contract with Puget on
18 or about the same date in which Puget entered into the same
19 contract with your company?

20 A. Yes, I knew that Puge did a few different deals right
21 around that timeframe, before and afterwards. Like I was
22 trying to explain, Puge was looking to raise more money than we
23 were looking to give them at that time. So I understood that
24 was their round, but I didn't want them to do additional rounds
25 because that would have more of a dilutive and pressure on the

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Goldstein - cross

1 stock. That's why we have the lock up for no other rounds
2 besides this round.

3 THE COURT: Can you explain that a little more fully
4 please again into the microphone?

5 THE WITNESS: Sure. When a company looks to raise
6 money, like let's say the one raised a million dollars and our
7 comfort level is \$100,000 just for numbers sake. We understand
8 they'll go around to other people to raise the other 900.
9 Often the company then does another raise and another raise and
10 it becomes a very heavy pressure on the stock. There is too
11 many dollars out there, people see, it is public knowledge.
12 And we ask for a lock up, give us 30 days, a chance for when
13 the time comes we could sell it, it shouldn't be a lot of
14 pressure following behind. It is only \$1 million selling and
15 not \$5 million selling. Am I being clear?

16 This round they wanted, we did part of the round and
17 other people did the other part. I understood. I wasn't
18 comfortable giving them the whole amount they were looking for.
19 I knew they went to Union and other people as well. It was on
20 the street, so to speak. That was our comfort level. We said
21 our next round there should be a 30 day lock up so there
22 shouldn't be another \$1 million out. Things worked beautifully
23 until they turned south on us. I don't know what happened.
24 Q. So, if you were to exercise conversion of the shares at a
25 later time, your company would still get paid the \$75,000 it is

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Goldstein - cross

1 owed, correct?

2 A. Are you asking that if we convert the shares, we'll
3 continue converting the shares of what's left? Is that what
4 you're saying?

5 Q. Yeah. If you were to convert these shares, assuming they
6 don't. You would still be able to convert the shares let's say
7 a month, a month from now. And still, you still would get the
8 \$75,000, if we continued to convert the shares. Isn't that
9 true?

10 A. If we continue to convert, we convert and sell out what we
11 can get as per the agreement. Nothing changes.

12 Q. Right. So, you could do it either today or you could do it
13 a month from now or you could do it three months from now?

14 A. I can't convert it until you have the shares.

15 Q. Right. So there is a process for the company to issue more
16 shares, and it is not overnight like you stated, correct?

17 A. It is not overnight. But it is definitely, it is a
18 moveable quicker way to go.

19 THE COURT: Just let me ask a question, Mr. Funes. In
20 your view, what is the problem with that scenario of waiting to
21 do it a month from now or three months from now?

22 THE WITNESS: So, just to understand what he's saying,
23 the company has to go through a shareholder meeting to increase
24 the authorization. That can take a couple months. We have to
25 start the process. You don't start the process, it will never

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Goldstein - cross

1 happen. We feel it is a quicker way for them to go. I have no
2 issue with that. They haven't made any attempt to go and the
3 stock is very volatile. The longer they schlep, the more we
4 are exposed to tremendous risk. It is a risky business as is.
5 It is very risky. The stock, it is a sub-penny stock, so there
6 is not that much room to the twilight zone.

7 THE COURT: Mr. Funes.

8 MR. FUNES: Yes, your Honor. Thank you.

9 Q. So you're talking about investment risk, right,
10 Mr. Goldstein?

11 A. I'm sorry?

12 Q. You're talking about an investment risk, correct?

13 A. In terms of waiting longer in terms -- I don't have an
14 issue waiting for them, and we're here to encourage the company
15 to increase their authorized.

16 Q. It is an investment risk for you, right?

17 A. It increases the investment risk, that's correct.

18 Q. Right. But you are asking the Court to provide immediate
19 remedy because you are exposed to imminent harm and immediate
20 harm. But if you can wait one or two or three months, then
21 we're not talking about immediate harm. Are we?

22 A. I just want to tell you, we do things very straight. We
23 keep agreements. We were totally played around with over here
24 for no reason. If you're offering, if the company would ever
25 offer to increase the authorized instead of being so

FC33ADA2

Goldstein - redirect

1 adversarial, we wouldn't be here now wasting so much people's
2 time and money. It is totally one sided this whole situation.

3 THE COURT: Mr. Funes, can I go off the record for one
4 minute.

5 (Discussion off the record)

6 (Recess)

7 THE COURT: Mr. Funes, are you on the line?

8 MR. FUNES: Hi, yes.

9 THE COURT: I understand you're unable to resolve your
10 dispute?

11 MR. MURPHY: That's correct.

12 THE COURT: Why don't we put Mr. Goldstein back on the
13 stand. Please remember you're still under oath.

14 THE WITNESS: Sure.

15 THE COURT: Speak into the mike.

16 Mr. Funes, do you have other questions for
17 Mr. Goldstein?

18 MR. FUNES: Your Honor, I believe we've covered pretty
19 much everything, so at this point I have no other questions.

20 THE COURT: Do you have any redirect questions?

21 MR. MURPHY: I do, a few, your Honor.

22 REDIRECT EXAMINATION

23 BY MR. MURPHY:

24 Q. Mr. Goldstein, Mr. Funes noted that Adar Bays had the
25 option to wait if Puge was interested in authorizing more

FC33ADA2

Goldstein - redirect

1 shares. Do you remember that question?

2 A. Okay.

3 Q. Has Adar Bays asked for the issuance of more shares by
4 Puge?

5 A. Certainly. We requested the shares, and I mean, under the
6 contract, he is supposed to either deliver or take methods to
7 cure it, which is increasing the authorized is one of the
8 methods. That's all we asked him to do, just live up to the
9 contract. It's not that hard.

10 Q. How long ago was that?

11 A. We submitted the conversion -- can I look at the exhibit?

12 Q. Of course. If it would refresh your memory.

13 A. Yeah, it certainly would.

14 October 14.

15 Q. That's never been honored, right?

16 A. Nope. Nothing's been done as far as to honor it either.

17 Q. How long has Adar Bays been waiting?

18 A. Since two, three days after that. So about two business
19 days after October 14. October 17, something like that.

20 Q. Have you heard anything about Puge authorizing additional
21 shares?

22 A. Didn't hear anything. The only thing we got was a very,
23 very not nice thing from them. They filed very not nice stuff
24 about us online.

25 Q. You are referring to the civil threat letter?

FC33ADA2

Goldstein - redirect

1 A. Yes.

2 Q. Is there continued risk for Adar Bays from waiting after
3 these conversion notes are not honored?

4 A. Yes. The company accrues expenses every single day, week,
5 month, and including filing if they are not able to raise the
6 money, they're, we risk, we just our risk grows literally every
7 single day unless something is taken to be cured. Then he is
8 more likely to find other investors as well. If he doesn't,
9 the stock could just fade away and we'll be totally goofed.

10 Q. So, Mr. Funes also asked you about Direct Transfer. Who is
11 Direct Transfer?

12 A. I believe that's their transfer agent which issues the
13 shares for them. They are the ones who would have the reserve.
14 They hold the reserve.

15 Q. They act on instructions from whom?

16 A. The reserve is in the agreement, and they're supposed --
17 the company is supposed to increase the reserve as needed. The
18 company is supposed to tell them to either increase it. If
19 they can't, to try to get the shares in different ways like I
20 mentioned before. I can repeat it. The way I mentioned it
21 before. Either reserves get canceled or they get shares
22 canceled to reissue to us. Or they take steps to reauthorize.
23 That's all I am asking them to do.

24 Q. Why is it you are asking the Court to act now?

25 A. Because the company may not be around in a few months.

FC33ADA2

1 They're very, very not easy people. And therefore if the word
2 gets out on that, they're not going to be able to raise money.
3 We'll lose our money here.

4 MR. MURPHY: No further questions, your Honor.

5 THE COURT: All right. Anything else, Mr. Funes?

6 MR. FUNES: No. That's all we have, Judge.

7 THE COURT: All right. You can step down,
8 Mr. Goldstein.

9 (Witness excused)

10 THE COURT: I have a few questions and then I'm happy
11 to hear any final remarks.

12 One, Mr. Funes, has the company's finances, have they
13 improved at all?

14 MR. FUNES: Your Honor, the finances are expected to
15 improve. The company is expected to increase revenues.
16 Whatever they reported in the past, I believe the plaintiff is
17 referring to their most recent reports. The company just moved
18 from Colorado to Florida. So there has been a significant
19 period in which the CEO was removed and we have a new CEO. The
20 company again has communicated to the plaintiff that he will
21 honor the contract in how it's offered to save the balance.
22 The defendant, the defendant had offered to pay his balance.
23 We are running with whatever funds were borrowed to us. The
24 company is very well aware of its obligations and we want to
25 bring the balance current. The company is working in different

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1 technologies right now in order to raise revenue, but because
2 the company -- the corporation changes we were not able to meet
3 the current obligations.

4 Now, what the plaintiff is asking your Honor to issue
5 the shares, it's almost -- virtually, it is not impossible but
6 it's very hard. And even if the company were to do that, it
7 would require a shareholder meeting. So even if your Honor
8 were to grant this injunction, that the shareholder meeting
9 could result in the shareholders not agreeing to issue shares.
10 So the defendant would be in automatic contempt of your Honor's
11 order. And which is why it doesn't make any sense.

12 So we want to make it right for the plaintiff and pay
13 the money back but they will have to wait. And we have made
14 reasonable efforts to render payment. But the defendant is
15 asking for money now, and is asking us to do corporate changes
16 that cannot be done overnight.

17 So even if your Honor issues his order, it would be --
18 the order would almost be non-enforceable and it would put us
19 in automatic contempt. So we would be again in front of your
20 Honor weeks or even days from now because the plaintiff will
21 file for a motion for contempt because we don't issue the
22 shares and, obviously, that's unenforceable, Judge.

23 So we want to find -- the defendant will honor the
24 payment but we need additional time. This is not something
25 that is subject to a restraining order or a motion for

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1 injunction.

2 THE COURT: Would plaintiff's counsel like to be
3 heard.

4 MR. MURPHY: Yes. I think the most important element
5 that Mr. Funes said is that if your Honor issues an order to
6 increase the reserves, it would be unenforceable. There is no
7 evidence of that. In fact, the agreement covers that very
8 possibility. If your Honor looks to Exhibit A of the Goldstein
9 declaration, within Section 12, the company has to issue
10 irrevocable transfer agent instructions upon the execution.
11 Full six million shares of common stock are to be made
12 available for conversions. And the last sentence, the holder
13 of this note, that is Adar, may reasonably request increases
14 from time to time to reserve such amounts, and those amounts
15 are the amount of the minimum of four times the amount of
16 shares required if the note will be fully converted.

17 There is an ongoing obligation that they've already
18 signed on to. It is fully enforceable, your Honor.

19 THE COURT: As a practical matter, what is going to
20 happen? It seems like they didn't keep the reserves that they
21 were required to keep, right? So what is going to happen as a
22 practical matter?

23 MR. MURPHY: As a practical matter, upon your Honor's
24 order, they would risk -- they would subject themselves to
25 contempt if they didn't immediately respond by having a

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1 shareholders meeting. And at the shareholders meeting they
2 would authorize the issuance of additional stock. They would
3 fulfill the required minimum reserve of four times to convert
4 the full amount of the note and they would honor the -- the
5 pending conversion request by Adar, and then Adar would be in a
6 position to send additional conversion requests as needed to
7 pay down the note.

8 THE COURT: Mr. Funes, why are you not obligated to do
9 that?

10 MR. FUNES: To call for a special meeting for
11 shareholders, your Honor? Is that what you're asking?

12 THE COURT: Yes. To respond as required by the
13 contract.

14 MR. FUNES: We can call for a special meeting. But
15 what if the outcome of the meeting is that the shareholders do
16 not agree to issue additional shares? Because the shareholders
17 are not bound by this agreement. Even if they understand the
18 nature of the agreement, if it's financially not feasible for
19 the corporation to issue shares at the time, then no
20 shareholder may vote for this resolution.

21 THE COURT: I assume the shareholders will be advised
22 of the company's obligations under the contract, right?

23 MR. FUNES: Sure. We could do that. But again, the
24 outcome is not guaranteed. And issuing that restraining order
25 or temporary injunction for us to comply with something that we

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1 don't know the outcome of this, it would be highly prejudicial
2 for the defendant, not to mention that Puget is incorporated in
3 Nevada so we're subject not only to state regulation in regard
4 to this new issuance of shares. Again, the contract has not
5 contemplated that specific issue.

6 But, we would make reasonable efforts, your Honor, if
7 it is necessary, to have a shareholders meeting to exercise an
8 election to vote for additional shares. But again, this is not
9 something that will be definitely -- is not a definite
10 guarantee that it will result in a positive outcome that the
11 plaintiff is waiting for, which is additional issuance of
12 shares.

13 THE COURT: I assume the shareholders will be informed
14 of the consequences of failing to comply with the court order.
15 Am I right?

16 MR. FUNES: Yes, your Honor. I don't believe any
17 shareholder would like to be in -- any shareholder would like
18 to have their company that they have invested in be in
19 violation, but again, it is a voluntary vote. Having the
20 shareholders vote for something, it is almost forcing them to
21 vote for the specific election where some voters have the
22 option to vote no and others want --

23 THE COURT: Frankly, it seem likes what you are saying
24 is it is just not convenient at this point in time for your
25 client to comply with this agreement.

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1 MR. FUNES: Not the way -- it is not that it's not
2 convenient, your Honor. We just can't. I mean, we would like
3 to have the option to comply. But we need additional time.
4 Right now, yes, your Honor, I would agree it is not convenient,
5 as of right now. But to immediately comply with the clauses of
6 the contract is virtually impossible to comply today for
7 example. We would need additional time.

8 THE COURT: So Mr. Murphy, I'm happy to hear you out
9 otherwise. I just have a few questions. So first on the
10 timing, if in fact Puge has to go back and take steps to
11 authorize more shares, what is going to happen in terms of the
12 timing, the time in between?

13 MR. MURPHY: In our view what will happen is there
14 will be continued volatility. So for example, there was
15 volatility on Monday when we first met, and there is volatility
16 still today. And there is risk. For every day of risk, it's a
17 problem for Adar. But, Adar would like, as Mr. Goldstein
18 pointed out in his testimony, the ball to get rolling in some
19 way. The initial request for the share to be increased was on
20 September 9. We're almost two months from that.

21 THE COURT: My question is more a practical one. If I
22 am to rule in your favor, which I am inclined to do, is there
23 timing that I should put into the order? So, what defense
24 counsel is saying is, look, we can't do this today, it just
25 won't happen. So it won't be productive to have a contempt

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1 motion tomorrow. So I'm asking if any kind of timing deadline
2 should be put in an order.

3 MR. MURPHY: I'd like to confer with Mr. Steinmetz on
4 this issue.

5 THE COURT: Yes.

6 (Pause)

7 MR. MURPHY: Your Honor, what we can do with respect
8 to the timing issue, is we'll have to check with the SEC
9 guidelines, there are some guidelines on I believe the first
10 time a meeting can be held for the shareholders on a reasonable
11 notice. So we can draft an order that will include those
12 timing elements.

13 THE COURT: Okay. I am going to have you do that. I
14 also wanted to ask a specific question about the number of
15 shares. In Mr. Goldstein's declaration and notice of
16 conversion you indicate that Adar is entitled to 4,197,901
17 shares. But in the memorandum and proposed order that number
18 is 4,197,580. So I want to clarify which number is right and
19 what it is based on.

20 MR. MURPHY: Of course.

21 THE COURT: Sure.

22 MR. MURPHY: So, the correct number, your Honor, is in
23 Exhibit J and it is the 4,197,901 number.

24 THE COURT: All right.

25 MR. MURPHY: We'll include that also in the proposed

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1 order.

2 THE COURT: Two more questions. One was that
3 defendants' concern that Adar may act in violation of SEC Rule
4 144(e)(3)(vi). Would your client be willing to include have
5 some reference to the fact that in the opinion that it
6 furnishes to Puge that Adar will comply with the requirements
7 of the SEC rule?

8 MR. MURPHY: Of course, your Honor.

9 THE COURT: So why don't we include that as well in
10 the proposed order.

11 Finally, with respect to the bond, I do think a bond
12 is appropriate here. But I think what may be best is to place
13 the proceeds of the sale of any converted stock, that amount,
14 into an escrow account. That's what Judge Schwartz did in
15 *Netwolves*, which I think is appropriate here in terms of the
16 volatility of the stock. Would that be feasible to figure out
17 what the worth of the stock is and put that amount in escrow.

18 MR. MURPHY: I don't believe there will be any issue
19 with that, your Honor.

20 THE COURT: All right.

21 MR. MURPHY: I can't imagine that there would be. So
22 our concern is that the dates may be difficult, we have to peg
23 it to a particular date.

24 THE COURT: Right. Right. So do you want to talk
25 about that for a minute, think that out, and let me know.

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1 MR. MURPHY: Sure.

2 (Pause)

3 MR. FUNES: I think we have to -- are you asking
4 everyone, Judge?

5 THE COURT: I'm happy to hear you out on that, Mr.
6 Funes.

7 MR. FUNES: In terms of timing when to call the -- are
8 you talking about the bond or are you talking about when to
9 call the special meeting?

10 THE COURT: We already talked about the separate
11 meeting, and plaintiff's counsel indicated that it was going to
12 review the SEC rules and submit a proposed order with a date
13 that gives sufficient time to set up a shareholders meeting.
14 With respect to the bond I'm waiting to hear plaintiff's
15 response.

16 MR. FUNES: Now, your Honor, it is the plaintiff is
17 required to put this bond for us?

18 THE COURT: Correct.

19 MR. FUNES: Okay. Also, your Honor, I need
20 clarification as to the shareholders meeting. What is the
21 outcome result in the shareholders voting for no more shares to
22 be issued or shares that are under 4 million?

23 THE COURT: I'm sorry. Are you just asking what
24 happens if the company refuses to comply with a court order?
25 Is that what you're asking?

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1 MR. FUNES: Yes, your Honor. Again, that it is a
2 shareholders meeting, and so basically you're imposing all
3 shareholders who are individuals to vote for a resolution where
4 actually, you know, it is an election. So they should be
5 shareholders are free to vote either yes or no to a resolution.

6 THE COURT: Do you want to respond?

7 MR. STEINMETZ: Your Honor, I think the company would
8 be held in contempt, not individual shareholders.

9 THE COURT: That's exactly right. Did you hear that,
10 Mr. Funes?

11 MR. FUNES: Yes, your Honor.

12 THE COURT: It is the company that would be held in
13 contempt. It is the company that's a defendant. It is the
14 company that's a signatory to the agreement. And it is
15 obligated to comply with the agreement that it entered into.

16 MR. FUNES: I understand that, your Honor.

17 THE COURT: Did you want to respond, did you want to
18 make any additional comments about the bond or otherwise?

19 MR. STEINMETZ: I did, your Honor. Perhaps what we
20 can do with the bond, since it is difficult to peg a particular
21 price at which plaintiff may be able to sell these, to keep
22 profits, what we can do is as an ongoing -- and I need to talk
23 to the client as to feasibility but this might be possible.
24 There is a \$7,000 pending conversion. Profits earned beyond
25 \$7,000 could be kept in escrow. If the stock goes down and no

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1 money is made, the client wouldn't be out. If the client did
2 make money, those funds would be kept in escrow so the client
3 wouldn't benefit. They just wouldn't lose. They would
4 maintain the status quo.

5 THE COURT: Let me just take a break for a minute or
6 two. Let me finalize my ruling and I'll come out and read the
7 ruling into the record.

8 MR. MURPHY: Thank you, your Honor.

9 MR. FUNES: Very well, your Honor.

10 (Recess)

11 THE COURT: Mr. Funes, you still on the line?

12 MR. FUNES: Hello.

13 THE COURT: Hi. This is Judge Abrams. I'm ready to
14 rule. Can you hear me?

15 MR. FUNES: Yes, your Honor. Just one qualification.
16 I would like to know if this is a partial ruling, because I'm
17 not clear whether the plaintiff has met the standard which
18 refers to immediate or irreparable harm. Because even if the
19 order says that he is, then that would be contrary to what
20 he -- what Mr. Goldstein said, that an issuance of shares a
21 shareholder meeting could take weeks, if not months, and also
22 the plaintiff is supposed to check the SEC regulations. I want
23 to make sure that whether it is a partial ruling because your,
24 Honor, I believe that at least the immediate or irreparable
25 harm element has not been met.

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1 THE COURT: I disagree with you. I'm going to state
2 my ruling. You can get the transcript from the court reporter
3 and review it. And as I already started to discuss, I am going
4 to have plaintiffs submit a proposed order consistent with this
5 ruling and the issues that I raised earlier.

6 As a preliminary matter, jurisdiction is proper in
7 this court. The Court has subject matter jurisdiction pursuant
8 to 28 U.S.C. Section 1331, and by the terms of their securities
9 purchase agreement, the parties have waived any objections to
10 jurisdiction and venue and agreed not to assert any defense
11 based on forum non conveniens.

12 Adar Bays is seeking a preliminary injunction against
13 Puge Technologies which would (1) require Puge to deliver
14 4,197,901 shares of common stock to Adar, along with the
15 necessary corporate resolutions; (2) require Puge to accept the
16 contractually required legal opinions furnished to it by Adar
17 to enable Adar to sell its Puge common stock publicly without
18 restriction; and (3) require Puge and its agents to honor
19 during the pendency of this action and in accordance with the
20 law, and the agreement between the parties, all future
21 conversion requests Adar duly submits, and to deliver all
22 necessary corporate resolutions and legal opinions to enable
23 Adar to sell Puge common stock publicly without restriction.

24 For the reasons that I will state I'm granting
25 plaintiff's request for a preliminary injunction. As I stated,

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1 the particular language in the order still needs to be
2 determined.

3 The preliminary injunction standard is familiar. A
4 preliminary injunction is merited only where the moving party
5 can show irreparable harm absent an injunction, and either a
6 likelihood of success on the merits or sufficiently serious
7 questions going to the merits to make them a fair ground for
8 litigation, and a balance of hardships decidedly tipping in the
9 moving party's favor.

10 When seeking a mandatory injunction that would alter
11 status quo by demanding that the Court order affirmative
12 action, as Adar is here, the movant must make a clear or
13 substantial showing that he or she is entitled to the relief
14 requested. See the Second Circuit's decision in *Tim Doherty*
15 *Associates*, 50 F.3d at 34. If issued, the injunction here
16 would compel Puge to convert \$7,000 of the outstanding
17 principal on the note for nearly 4.2 million shares of Puge
18 common stock.

19 Defendants have met this standard with respect to
20 success on merits. Section 4(a) of the note entitles Adar at
21 its option at any time to convert all or any amount of the
22 principal face amount of the note then outstanding into shares
23 of Puge's common stock. That's from the Goldstein declaration
24 Exhibit A at two. Puge is obligated to effect such a
25 conversion within three days of being served notice of

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1 conversion. Section 11 of the note also requires Puge to
2 instruct its counsel to either (1) write a 144 opinion to allow
3 for saleability of the conversion shares or (2) accept such
4 opinion from Adar's counsel. *Id.* at 6.

5 On October 15, 2015, Adar executed and delivered a
6 notice of conversion to Puge in which it elected to convert
7 \$7,000 of the note's outstanding principal for nearly 4.2
8 million shares of Puge's common stock. Goldstein declaration
9 Exhibit G. Despite honoring three of Adar's previous requests
10 for conversion, Puge failed to turn over the common stock
11 within three days of the notice, and has not remedied the
12 failure.

13 Defendants argue that plaintiff has not shown that it
14 will succeed on the merits for two reasons. First, Puge argues
15 that because the parties have conflicting interpretations of
16 the agreement, Adar has not met its burden of showing it is
17 likely to succeed on the merits. Specifically, Puge claims
18 that it does not have a sufficient number of authorized shares
19 to issue the 4.2 million shares to Adar, and that this
20 situation was not contemplated by their agreement.

21 I find that the terms of the agreement are not
22 ambiguous. Section 12 of the note provides Puge should at all
23 times reserve a minimum of four times the amount of shares
24 required if the note would be fully converted. Goldstein
25 declaration Exhibit A at 6.

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1 By the terms of the note, Puge assumed the
2 responsibility to ensure that there was a sufficient number of
3 shares to allow Adar to convert the outstanding balance of the
4 note. Puge's apparent inability to comply with this term of
5 the contract does not render the agreement ambiguous. In
6 short, Puge's failure to comply with one provision of the note
7 keeping a sufficient number of shares in reserve does not
8 excuse its performance under no provision of the note -- its
9 obligation to honor Adar's conversion request. See Judge
10 Lynch's opinion in *Castle Creek Technology Partners*, 2002 WL
11 31958696 at *7.

12 Second, Puge argues that issuing the shares to Adar
13 would violate SEC Rule 144 which places certain limitations on
14 the sale of restricted securities. 17 C.F.R. 230.144(a)(3)(i).
15 Specifically, Puge alleges Adar will violate Rule 144(e)(3)(vi)
16 if permitted to obtain the 4.2 million shares. The rule
17 provides that when two or more parties act in concert for the
18 purpose of selling securities of an issuer, all securities of
19 the same class sold during any three-month period shall be
20 aggregated for the purpose of determining applicable volume
21 limitations. This rule is not a valid defense to this
22 injunction. It does not interfere with Adar's right to convert
23 outstanding debt for common stock, but simply limits the amount
24 of stock Adar may sell within a three-month period. See the
25 *Netwolves* case, 2001 WL 492463 at *11.

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1 In light of Adar's conversion right and the evidence
2 that Puge was served with a duly executed conversion notice, I
3 find that Adar has made a substantial showing that it is
4 entitled to Puge's common stock, and that Puge is required to
5 accept an opinion from Adar's counsel to allow for the sale of
6 the conversion shares, and that the opinion shall indicate that
7 Adar will comply with Rule 144(e)(3)(vi).

8 Adar has also shown that they may suffer irreparable
9 harm if the injunction is not granted. To show irreparable
10 harm, a plaintiff must show an injury is actual, imminent, and
11 cannot be remedied by an award of monetary damages. While
12 purely financial injury is generally not enough to warrant
13 injunctive relief, the Second Circuit has held that a
14 defendant's imminent insolvency can constitute irreparable
15 harm. See the *Brenntag International Chemicals* case, 175 F.3d
16 at 249-50. Courts in this district have accordingly provided
17 parties with injunctive relief where the moving party offers
18 evidence that the defendant may not be able to pay damages at
19 the conclusion of the litigation. See the *Alpha Capital*
20 *Anstalt* case, docket number 11 CV 6458.

21 Adar has presented considerable evidence that Puge is
22 on the brink of insolvency. Puge disclosed in its
23 September 23, 2015, quarterly report, form 10-QA, that the
24 company has incurred losses since inception resulting in an
25 accumulated deficit of \$1,505,530 as of July 31, 2015, and

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1 further losses are anticipated in the development of its
2 business, raising substantial doubt about the company's ability
3 to continue as a going concern. See the Goldstein declaration
4 Exhibit J at page 7.

5 Puge's balance sheet further evidences its precarious
6 financial position. Puge's liabilities amount to over three
7 times that of its current assets. Puge has \$327,119 in assets
8 and approximately \$1.2 million in liabilities. *Id.* at 4. And
9 Puge's cash flow suggests that there is little prospect for
10 improvement. Puge reported an operating loss of \$725,503 for
11 the nine months ending July 31, 2015. *Id.* at 5. Although the
12 company's filings allude to plans to raise capital and take on
13 additional debt, no concrete proposal was outlined. With only
14 \$15,484 cash on hand, the company stated that their cash
15 balance along with anticipated revenue from sales may not be
16 sufficient to cover expenses it will incur during the next 12
17 months. Goldstein declaration Exhibit J at 16.

18 Nothing, I should add, that Mr. Funes argued today was
19 anything beyond mere speculation.

20 In sum, Adar has adduced ample and specific evidence
21 that Puge is on the cusp of insolvency and would likely be
22 unable to pay damages at the conclusion of litigation. See
23 *Castle Creek Technology Partners* 2002 WL 31958696 at *4.

24 Defendants argue that plaintiff is not entitled to
25 equitable relief because it acted with unclean hands. Puge

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1 argue that the terms of the contract are unconscionable and
2 tainted by deception, fraud and misrepresentations. To
3 successfully assert the equitable defense of unclean hands,
4 defendant must establish that the plaintiff acted in bad faith
5 and the defendants were injured by the conduct. Defendants
6 have not carried their burden here. Beyond blanket
7 allegations, Puge points to only one specific act which it
8 alleges is fraudulent. Adar included in the securities
9 purchase agreement a funding lock up clause which barred Puge
10 from entering another loan for 30 days. Puge alleges that Adar
11 somehow forced Puge to violate this provision by colluding with
12 another lender, causing Puge to enter another contract on the
13 same day as entered the agreement with Adar. Because the
14 second agreement contained the same lock up provision, Puge was
15 immediately in default of both agreements. Yet, Puge does not
16 make clear exactly how Adar forced it to agree to both
17 contracts. Moreover, Puge does not allege that Adar sought to
18 recover based on this breach, and this breach is not the basis
19 of the current motion.

20 Beyond this one instance, Puge makes only conclusory
21 allegations that violated numerous state and federal securities
22 laws without any sworn affidavit to support its factual claims.
23 With only bare allegations, the Court is unable to find that
24 Adar acted in bad faith.

25 Accordingly, the motion for preliminary injunction is

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1 granted. As discussed, the defendants will have to deliver to
2 plaintiff 4,197,901 shares of common stock in accordance with
3 the 8 percent convertible redeemable note, and to accept legal
4 opinions to allow for the stock sale. The legal opinions shall
5 specify that any sale of Puge stock will be in accordance with
6 SEC Rule 144(e)(3)(vi).

7 In complying with the order, defendant will make all
8 reasonable efforts to increase the number of authorized shares,
9 and the plaintiff shall submit a proposed order specifying the
10 amount of time appropriate to do so. Defendants are also
11 ordered to honor plaintiff's future requests for conversion
12 insofar as they are in accordance with the note.

13 Plaintiff argues that a bond is not necessary here.
14 Rule 65(c) of the Federal Rules of Civil Procedure provides
15 that the Court may issue a preliminary injunction only if the
16 movant gives security in an amount that the Court considers
17 proper to pay the costs and damages sustained by any party
18 found to have been wrongfully enjoined or restrained.

19 While the rule reads as mandatory, as plaintiff points
20 out, it is within the District Court's discretion not to
21 require a bond where there is no risk that defendant will incur
22 damages. See the Second Circuit's decision in *Maryland*
23 *Casualty Company*, 107 F.3d at 985.

24 Here, there are allegations of fraud, however
25 undeveloped, which relate to the note at issue. Therefore, I

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1 cannot conclude there is no risk that the defendants will incur
2 damages while the injunction is in place. Accordingly,
3 plaintiff is ordered to deposit into an escrow account of their
4 legal counsel the profits of any sale of the Puge stock
5 obtained from the \$7,000 conversion and future conversions for
6 the payment of such costs and damages as may be incurred by
7 defendants if a court later finds that defendants have been
8 wrongfully enjoined. Such proceeds will remain in escrow until
9 an application to release them, and the Court so orders their
10 release.

11 So how long do you think it will take you to submit a
12 proposed order, Mr. Murphy?

13 MR. MURPHY: I think tomorrow, your Honor.

14 THE COURT: All right. So I'll look at that tomorrow
15 and hopefully we can get that out. And still I'd urge you to
16 the extent possible to try to work together to resolve this.

17 MR. MURPHY: If Mr. Funes is available tomorrow, we'll
18 call him again.

19 MR. FUNES: Yes. That sounds good, your Honor.

20 THE COURT: Okay. Thank you. We are adjourned. And
21 you should get the transcript from the court reporter.

22 MR. MURPHY: Of course, your Honor.

23 THE COURT: Thanks. Have a nice evening.
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PLAINTIFF EXHIBITS

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